

UNIONDALE UNION FREE SCHOOL DISTRICT
TOWN OF HEMPSTEAD, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
IN CONNECTION WITH THE UNIFORM GUIDANCE
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

UNIONDALE UNION FREE SCHOOL DISTRICT
TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Required Supplementary Information:	
Management's Discussion And Analysis ("MD&A")	3
Basic Financial Statements:	
District-Wide Financial Statements -	
Statement Of Net Position	14
Statement Of Activities	15
Fund Financial Statements -	
Balance Sheet - Governmental Funds	16
Reconciliation Of Governmental Funds Balance Sheet	
To The Statement Of Net Position	17
Fund Financial Statements -	
Statement Of Revenues, Expenditures And	
Changes In Fund Balance - Governmental Funds	18
Reconciliation Of Governmental Funds Statement Of Revenues, Expenditures	
And Changes In Fund Balance To The Statement Of Activities	19
Fund Financial Statements -	
Statement Of Fiduciary Net Position - Fiduciary Funds	20
Statement Of Changes In Fiduciary Net Position -	
Fiduciary Funds	21
Notes To Financial Statements	22
Required Supplementary Information Other Than MD&A:	
General Fund -	
Schedule Of Revenues, Expenditures And Changes	
In Fund Balance - Budget And Actual	48
Schedule Of Changes In The District's Total OPEB Liability And Related Ratios	49
Schedule Of District's Proportionate Share Of The Net Pension Liability - NYSERS	50
Schedule Of District's Proportionate Share Of The Net Pension Asset (Liability) - NYSTRS	51
Schedule Of District Pension Contributions - NYSERS	52
Schedule Of District Pension Contributions - NYSTRS	53
Other Supplementary Information:	
General Fund -	
Schedule Of Change From Adopted Budget To Final	
Budget And The Real Property Tax Limit	54
Capital Projects Fund -	
Schedule Of Project Expenditures And Financing Sources	55
Net Investment In Capital Assets	56
Extraclassroom Activity Funds	57
Federal Award Program Information:	
Schedule Of Expenditures Of Federal Awards	64
Notes To Schedule Of Expenditures Of Federal Awards	65
Independent Auditor's Report On Internal Control Over	
Financial Reporting And On Compliance And Other Matters	
Based On An Audit Of Financial Statements Performed	
In Accordance With <i>Government Auditing Standards</i>	66
Independent Auditor's Report On Compliance	
For Each Major Program And On Internal Control	
Over Compliance Required By The Uniform Guidance	68
Schedule Of Findings And Questioned Costs	70
Summary Schedule Of Prior Audit Findings	72
Findings And Recommendations	73



INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Uniondale Union Free School District
Town of Hempstead, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the Uniondale Union Free School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the Uniondale Union Free School District, as of June 30, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

NawrockiSmith

Changes in Accounting Principles and Prior Period Adjustment

As described in Note 3 to the financial statements, in 2018 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The effect of GASB Statement No. 75 required a prior period adjustment as discussed in Note 15 to the financial statements. Our opinion is modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 3-13 and 48-53 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information required by the New York State Education Department and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

UNIONDALE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

The following is a discussion and analysis of the Uniondale Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2018. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position, as reflected in the District-wide financial statements, decreased by \$1,595,270.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$202,968,514. Of this amount, \$14,543,139 was offset by program charges for services and operating grants. General revenues of \$186,830,105 amount to 92.8% of total revenues.
- As described in Note 3 to the financial statements, "New Accounting Standards", the District has adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the year ended June 30, 2018. The adoption of this principle resulted in a restatement of the District's net position as of July 1, 2017 in the amount of \$56,881,941, as indicated in Note 15 to the financial statements. Prior year balances in MD&A have been updated, for comparison purposes, to reflect the change where indicated.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of financial statements that present different views of the District:

- The first two financial statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining financial statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide financial statements.
 - The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
 - The *fiduciary fund financial statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the financial statements.

Table A-1: Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instruction, special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), and liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Financial Statements

The District-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide financial statements report the District's *net position* and how it has changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as *governmental activities*. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, reconciliations of the District-wide and fund financial statements are provided which explain the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee or fiduciary, for assets that belong to others, such as the scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position decreased by 16.6% from the year before, as restated, to \$8,021,167 as detailed in Tables A-2 and A-3.

The restricted net position balance of \$19,109,719 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2018, the District has an unrestricted net deficit of \$(40,410,055). This deficit is primarily driven by the District's required recognition for postemployment benefits which currently totals \$103,557,072 as required by GASB No. 75 (see note 11 to the accompanying financial statements).

Table A-2: Condensed Statements of Net Position - Governmental Activities				
	(As Restated)			
	<u>6/30/17</u>	<u>6/30/18</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	\$ 36,317,723	\$ 39,963,399	\$ 3,645,676	10.0
Noncurrent assets	19,904,944	23,272,389	3,367,445	16.9
Capital assets, net	<u>35,469,458</u>	<u>33,773,314</u>	<u>(1,696,144)</u>	(4.8)
Total assets	<u>\$ 91,692,125</u>	<u>\$ 97,009,102</u>	<u>\$ 5,316,977</u>	5.8
Deferred outflows of resources	<u>\$ 58,792,658</u>	<u>\$ 58,225,693</u>	<u>\$ (566,965)</u>	(1.0)
Current liabilities	\$ 18,335,426	\$ 16,072,023	\$ (2,263,403)	(12.3)
Noncurrent liabilities	<u>119,084,103</u>	<u>109,932,366</u>	<u>(9,151,737)</u>	(7.7)
Total liabilities	<u>\$ 137,419,529</u>	<u>\$ 126,004,389</u>	<u>\$ (11,415,140)</u>	(8.3)
Deferred inflows of resources	<u>\$ 3,448,817</u>	<u>\$ 21,209,239</u>	<u>\$ 17,760,422</u>	515.0
Net position:				
Net investment in capital assets	\$ 29,987,882	\$ 29,321,503	\$ (666,379)	(2.2)
Restricted	19,931,112	19,109,719	(821,393)	(4.1)
Unrestricted	<u>(40,302,557)</u>	<u>(40,410,055)</u>	<u>(107,498)</u>	(0.3)
Total net position	<u>\$ 9,616,437</u>	<u>\$ 8,021,167</u>	<u>\$ (1,595,270)</u>	(16.6)

As of June 30, 2018, the District had positive working capital of \$23,891,376 as compared to \$17,982,297 as of June 30, 2017, primarily due to a increase in State and federal aid receivable and due from other governments of \$4,092,326.

As of June 30, 2018, the District had a net investment in capital assets of \$29,321,503 as compared to \$29,987,882 in 2017. The decrease is due to current year depreciation charges for ongoing projects exceeding current year outlay.

Changes in Net Position

The District's fiscal year 2018 revenues totaled \$201,373,244, which is 3.0% greater than fiscal year 2017 (See Table A-3). Property taxes, other tax items and State sources accounted for 91.9% of total revenues (See Table A-4). The remainder came from fees charged for services, operating grants, capital grants, federal sources, use of money and property and other miscellaneous sources.

The District's fiscal year 2018 expenses totaled \$202,968,514, and reflect a 0.4% increase over the prior year's expenses (See Table A-3). These expenses (93.9%) are predominantly related to instruction and general support (See Table A-6).

Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only

	<u>6/30/17</u>	<u>6/30/18</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 3,503,956	\$ 3,197,034	\$ (306,922)	(8.8)
Operating grants	10,296,719	11,346,105	1,049,386	10.2
Capital grants	286,869	-	(286,869)	100.0
General revenues:				
Real property taxes	113,535,996	115,943,198	2,407,202	2.1
Other tax items	17,088,769	16,854,429	(234,340)	(1.4)
State sources	45,993,160	52,129,817	6,136,657	13.3
Federal sources	96,441	91,707	(4,734)	(4.9)
Use of money and property	183,657	313,835	130,178	70.9
Sale of property and compensation for loss	107,657	185,161	77,504	72.0
Miscellaneous	4,395,092	1,311,958	(3,083,134)	(70.1)
Total revenues	<u>195,488,316</u>	<u>201,373,244</u>	<u>5,884,928</u>	3.0
Expenses				
General support	18,840,876	18,665,169	(175,707)	(0.9)
Instruction	171,423,594	172,014,132	590,538	0.3
Pupil transportation	8,698,976	9,087,642	388,666	4.5
Community services	478,452	536,027	57,575	12.0
Debt service - interest	155,034	123,109	(31,925)	(20.6)
School lunch program	2,571,364	2,542,435	(28,929)	(1.1)
Total expenses	<u>202,168,296</u>	<u>202,968,514</u>	<u>800,218</u>	0.4
Increase (decrease) in net position	<u>(6,679,980)</u>	<u>(1,595,270)</u>	<u>5,084,710</u>	76.1
Beginning net position	<u>66,498,378</u>	<u>9,616,437</u>	<u>(56,881,941)</u>	85.5
Prior period adjustment (see Note 15)	(56,881,941)	-	56,881,941	100.0
Ending net position	<u>\$ 9,616,437</u>	<u>\$ 8,021,167</u>	<u>(1,595,270)</u>	16.6

Table A-4: Sources of Revenues for Fiscal Year 2018

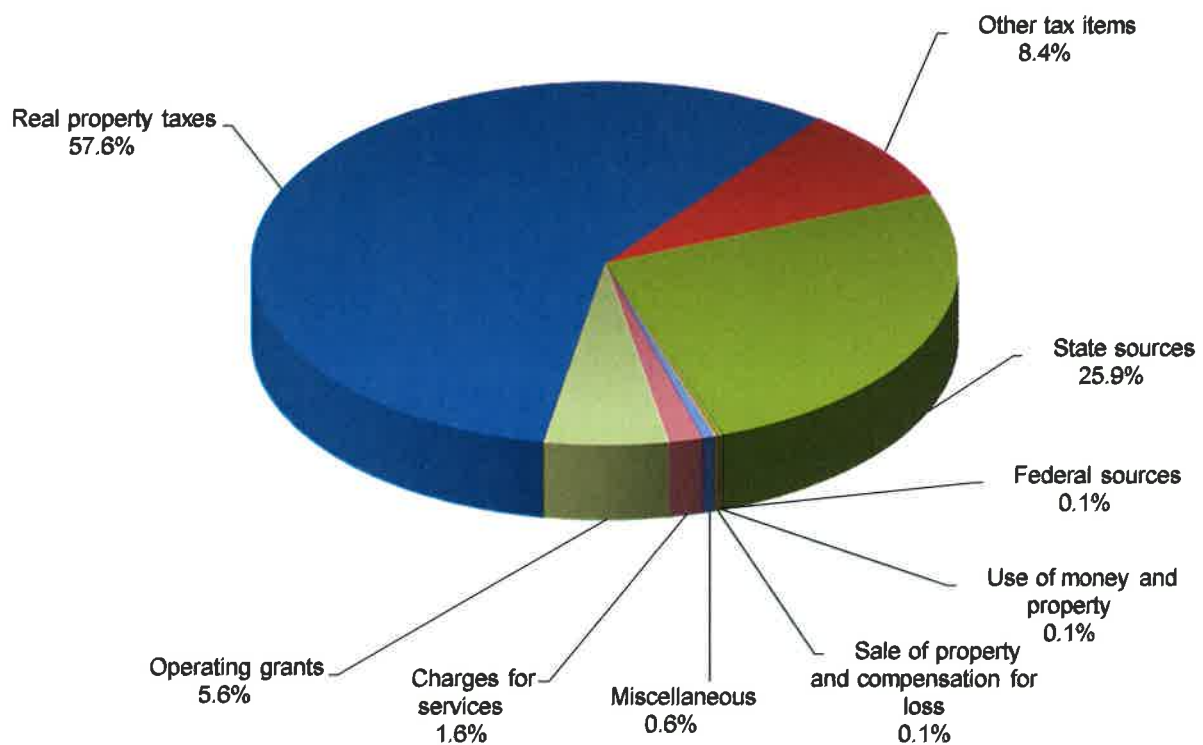


Table A-5: Sources of Revenues for Fiscal Year 2017

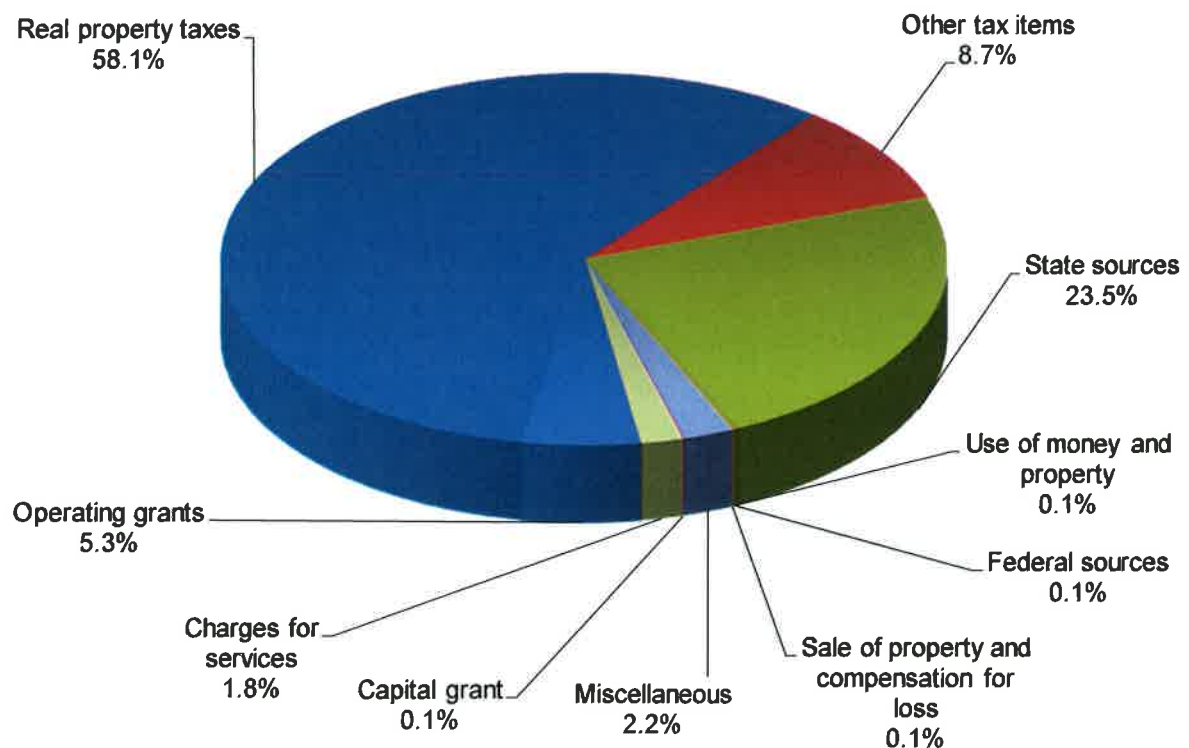


Table A-6: Expenses for Fiscal Year 2018

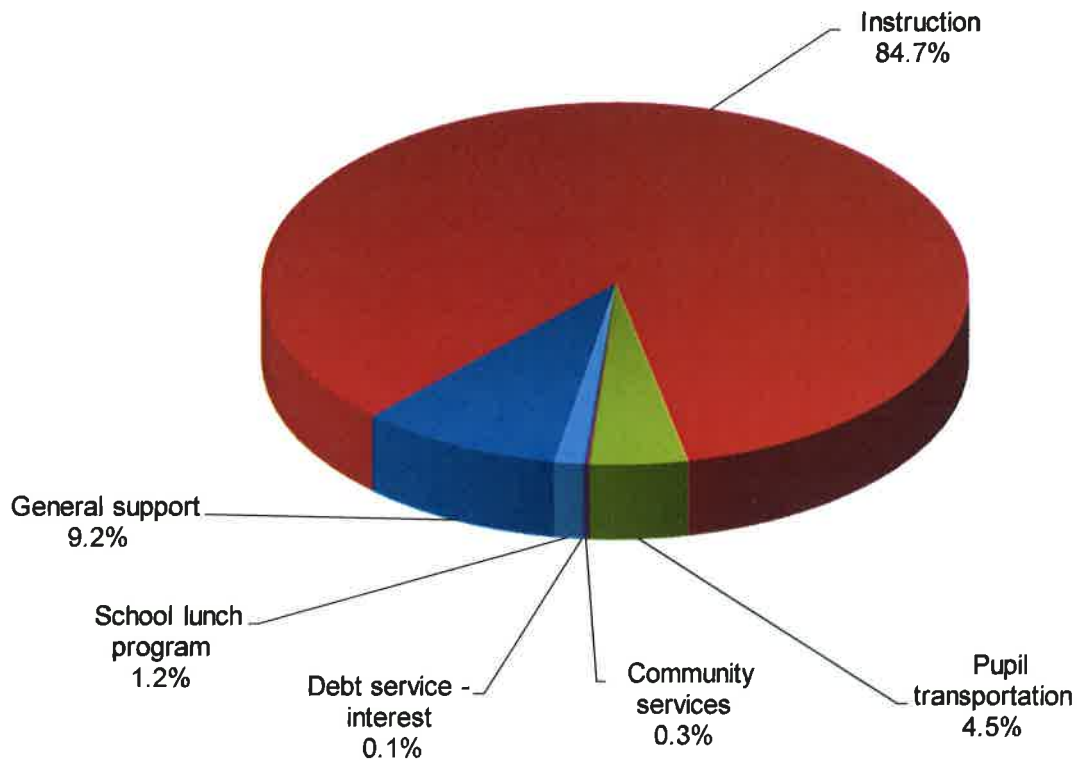
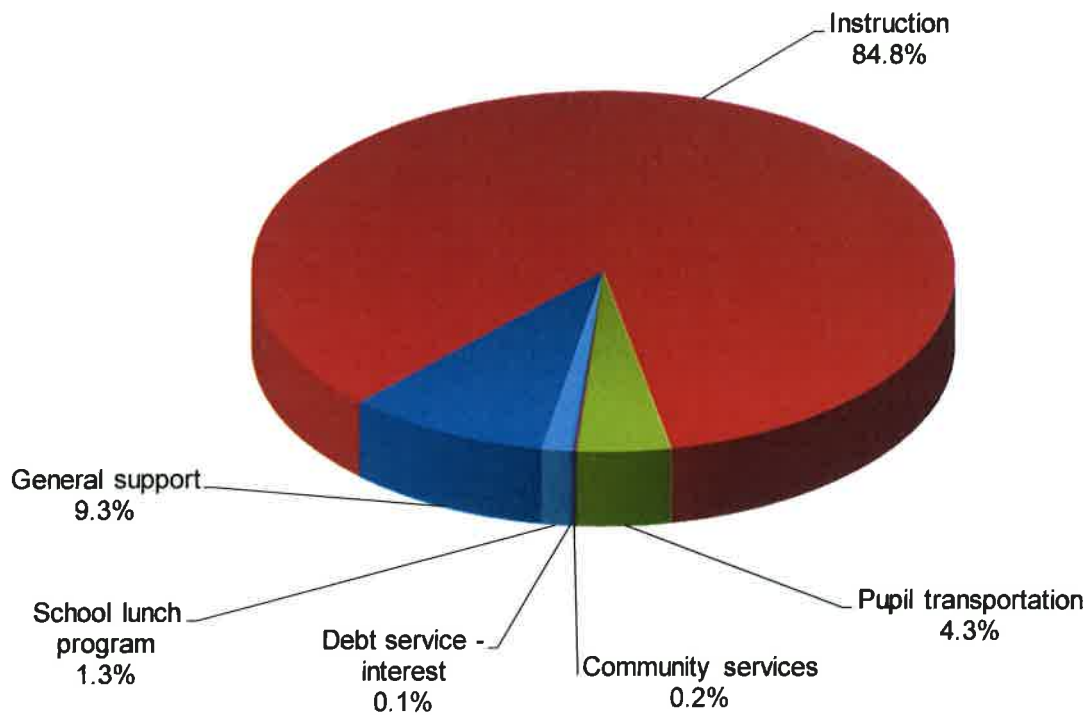


Table A-7: Expenses for Fiscal Year 2017



Governmental Activities

Revenues for the District's governmental activities totaled \$201,373,244 while total expenses were \$202,968,514, for the year ended June 30, 2018. Therefore, the decrease in net position for governmental activities was \$1,595,270 in 2018. The District's financial condition is generally affected by:

- Community support of the District's annual budget as reflected in the increase in revenue from real property taxes;
- Tight fiscal management of District expenditures;
- Changes in actuarial assumptions with respect to employee pension plans which can dramatically affect operating results; and
- Continued recognition of the liability for benefits provided to retirees other than pensions ("OPEB").

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

At June 30, 2018, the District's governmental funds reported a combined fund balance of \$40,287,019, which is an increase of \$4,860,558 from June 30, 2017. Fund balances for the District's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds				
	<u>6/30/17</u>	<u>6/30/18</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund				
Nonspendable:				
Prepaid expenditures	\$ 1,264,326	\$ 1,303,305	\$ 38,979	3.1
Restricted:				
Insurance	3,934,827	3,956,648	21,821	0.6
Retirement Contributions	8,553,523	8,600,958	47,435	0.6
Unemployment Insurance	507,303	510,116	2,813	0.6
Workers' Compensation	5,065,848	5,093,942	28,094	0.6
Assigned:				
Designated for subsequent year's expenditures -	6,394,330	5,994,330	(400,000)	(6.3)
Encumbrances	111,249	313,143	201,894	181.5
Unassigned	6,142,013	11,817,331	5,675,318	92.4
Total General Fund	31,973,419	37,589,773	5,616,354	17.6

Table A-8: Fund Balances - Governmental Funds (continued)

	<u>6/30/17</u>	<u>6/30/18</u>	<u>\$ Change</u>	<u>% Change</u>
School Lunch Fund				
Nonspendable:				
Inventory	\$ 49,433	\$ 77,920	\$ 28,487	57.6
Assigned:				
School Lunch Fund	<u>1,533,998</u>	<u>1,767,878</u>	<u>233,880</u>	15.2
Total School Lunch Fund	<u>1,583,431</u>	<u>1,845,798</u>	<u>262,367</u>	16.6
Capital Projects Fund				
Restricted:				
Capital Projects Fund	<u>1,869,611</u>	<u>851,448</u>	<u>(1,018,163)</u>	(54.5)
Total Capital Projects Fund	<u>1,869,611</u>	<u>851,448</u>	<u>(1,018,163)</u>	(54.5)
Total fund balance	<u>\$ 35,426,461</u>	<u>\$ 40,287,019</u>	<u>\$ 4,860,558</u>	13.7

General Fund Budgetary Highlights

Reference is made to supplementary schedule on page 48 which presents adopted and final budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were higher than the final budgeted revenues by \$8,914,284 due to higher than anticipated other tax items, State sources and charges for services.
- Actual expenditures were approximately \$2.9 million less than budget primarily due to lower than anticipated costs in employee benefits.
- During the 2017-2018 school year, the District continued its efforts to contain costs without sacrificing programs.

At June 30, 2018, the District's unassigned fund balance was \$11,817,331, which was not within the allowable 4% of the subsequent year's budget of \$196,055,238 as promulgated by New York State (see page 54). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2018:

Unassigned fund balance, beginning of year	\$ 6,142,013
Add:	
Prior-year appropriated fund balance	6,394,330
Prior-year encumbrances	111,249
Prior-year prepaid expenditures	1,264,326
Net change in fund balance	5,616,354
Less:	
Current-year appropriated fund balance	(5,994,330)
Current-year encumbrances	(313,143)
Current-year prepaid expenditures	(1,303,305)
Transfer to Retirement Contribution Reserve for interest	(47,435)
Transfer to Workers' Compensation Reserve for interest	(28,094)
Transfer to Unemployment Insurance for interest	(2,813)
Transfer to Insurance Reserve for interest	<u>(21,821)</u>
Unassigned fund balance, end of year	<u>\$ 11,817,331</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the District had invested \$33,773,314, net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices.

Table A-9: Capital Assets (net of depreciation)

	<u>6/30/17</u>	<u>6/30/18</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 773,070	\$ 773,070	\$ -	0.0
Buildings and building improvements	33,502,406	31,904,388	(1,598,018)	(4.8)
Furniture and equipment	1,193,982	1,095,856	(98,126)	(8.2)
Totals	<u>\$ 35,469,458</u>	<u>\$ 33,773,314</u>	<u>\$ (1,696,144)</u>	(4.8)

Long-Term Debt

As of June 30, 2018, the District had \$113,424,125 in long-term debt and other obligations.

Table A-10: Outstanding Long-Term Debt

	<u>6/30/17</u>	<u>6/30/18</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds	\$ 660,000	\$ -	\$ (660,000)	(100.0)
Installment purchase debt payable	4,821,576	4,451,811	(369,765)	(7.7)
Workers' compensation claims payable	4,222,700	4,487,470	264,770	6.3
Other post-employment benefits	104,020,554	103,557,072	(463,482)	(0.4)
Compensated absences	1,005,342	927,772	(77,570)	(7.7)
Totals	<u>\$ 114,730,172</u>	<u>\$ 113,424,125</u>	<u>\$ (1,306,047)</u>	(1.1)

FACTORS BEARING ON THE FUTURE OF DISTRICT

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The General Fund budget for the 2018-2019 school year was approved by the voters in the amount of \$196,055,238 which represents an increase of \$8,842,517 or 4.7%.
- New York State imposed a maximum tax levy increase of the lesser of 2% or the CPI for the fiscal year 2018-2019 budget, subject to certain exclusions. Based on the value of obligatory contractual increases and continued increases in the State's unfunded mandates, it is expected that reductions may be necessary. The District will continue to consolidate services to maintain its high standards. If the downward economic trend continues, and State mandates and legal requirements continue to escalate, there will be an inevitable negative impact on District programs.
- The General Fund budget for the 2018-2019 school year is impacted by certain trends affecting school districts. These include potential increases in retirement contributions, health insurance costs, Workers' Compensation judgments and potential unemployment insurance claims, which are beyond the District's control.

- The possibility of New York State allowing for the establishment of the other post-employment benefit reserve funds is being discussed in the legislature. This would allow for the District to set aside monies to meet other postemployment retirement benefits such as health insurance. The establishment of that reserve would increase the District's ability to plan for the future.
- The establishment of a retirement contributions reserve for the Teachers' Retirement System would allow the District to set aside monies for future retirement contribution costs. The establishment of this reserve is being deliberated by the New York State Senate Rules Committee.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Uniondale Union Free School District
District Offices
Attn: Assistant Superintendent for Business
933 Goodrich Street
Uniondale, New York 11553
(516) 560-8957

UNIONDALE UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS	
Unrestricted cash	\$ 24,732,430
Receivables:	
State and federal aid	8,540,739
Due from other governments	4,836,395
Other receivables	472,610
Prepaid expenditures	1,303,305
Inventories	77,920
Restricted cash	19,229,891
Proportionate share of net pension asset	4,042,498
Capital assets:	
Non-depreciable	773,070
Depreciable, net	33,000,244
Total assets	<u>97,009,102</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pensions	<u>58,225,693</u>
Total deferred outflows of resources	<u>58,225,693</u>
LIABILITIES	
Accounts payable	1,224,194
Accrued interest payable	22,322
Accrued liabilities	12,357
Due to fiduciary funds	47,701
Due to teachers' retirement system	9,290,618
Due to employees' retirement system	608,855
Long-term liabilities, due within one year:	
Installment purchase debt payable	378,506
Workers' Compensation claims payable	4,487,470
Long-term liabilities, due after one year:	
Installment purchase debt payable	4,073,305
Compensated absences	927,772
Other postemployment benefits	103,557,072
Proportionate share of net pension liability	1,374,217
Total liabilities	<u>126,004,389</u>
DEFERRED INFLOWS OF RESOURCES	
Grant monies received in advance	77,615
Deferred inflows from OPEB	4,634,411
Pension related	<u>16,497,213</u>
Total deferred inflows of resources	<u>21,209,239</u>
NET POSITION	
Net investment in capital assets	29,321,503
Restricted:	
Insurance	3,956,648
Retirement Contributions	8,600,958
Unemployment Insurance	510,116
Workers' Compensation	5,093,942
Capital Projects Fund	948,055
Unrestricted	<u>(40,410,055)</u>
Total net position	<u>\$ 8,021,167</u>

The accompanying notes to financial statements are an
integral part of this statement.

UNIONDALE UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues		Net (Expense)
	Expenses	Charges for	Operating Grants	Revenue and
		Services	and Contributions	Change in
				Net Position
Functions and programs:				
General support	\$ 18,665,169	\$ -	\$ -	\$ (18,665,169)
Instruction	172,014,132	2,979,015	8,394,625	(160,640,492)
Pupil transportation	9,087,642	-	-	(9,087,642)
Community services	536,027	-	-	(536,027)
Debt service - interest	123,109	-	-	(123,109)
School lunch program	2,542,435	218,019	2,951,480	627,064
Total functions and programs	<u>\$ 202,968,514</u>	<u>\$ 3,197,034</u>	<u>\$ 11,346,105</u>	<u>(188,425,375)</u>
General revenues:				
Real property taxes				115,943,198
Other tax items				16,854,429
Use of money and property				313,835
Sale of property and compensation for loss				185,161
State sources				52,129,817
Federal sources				91,707
Miscellaneous				<u>1,311,958</u>
Total general revenues				<u>186,830,105</u>
Change in net position				(1,595,270)
Total net position, beginning of year, as restated (see Note 15)				<u>9,616,437</u>
Total net position, end of year				<u>\$ 8,021,167</u>

The accompanying notes to financial statements are an
integral part of this statement.

UNIONDALE UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Special Aid	School Lunch	Capital Projects	Total Governmental Funds
ASSETS					
Unrestricted cash	\$ 24,265,169	\$ -	\$ 467,261	\$ -	\$ 24,732,430
Receivables:					
State and federal aid	3,599,751	4,780,690	160,298	-	8,540,739
Due from other funds	5,069,837	-	1,150,040	618,738	6,838,615
Due from other governments	4,782,492	53,903	-	-	4,836,395
Other receivables	472,610	-	-	-	472,610
Prepaid expenditures	1,303,305	-	-	-	1,303,305
Inventories	-	-	77,920	-	77,920
Restricted cash	18,161,664	738,910	-	329,317	19,229,891
Total assets	<u>\$ 57,654,828</u>	<u>\$ 5,573,503</u>	<u>\$ 1,855,519</u>	<u>\$ 948,055</u>	<u>\$ 66,031,905</u>
LIABILITIES					
Payables:					
Accounts payable	\$ 1,135,843	\$ 78,722	\$ 9,620	\$ 9	\$ 1,224,194
Accrued interest payable	22,322	-	-	-	22,322
Accrued liabilities	6,694,837	12,256	101	-	6,707,194
Due to other funds	1,337,107	5,404,910	-	96,598	6,838,615
Due to fiduciary funds	47,701	-	-	-	47,701
Due to teachers' retirement system	9,290,618	-	-	-	9,290,618
Due to employees' retirement system	608,855	-	-	-	608,855
Compensated absences	927,772	-	-	-	927,772
Total liabilities	<u>20,065,055</u>	<u>5,495,888</u>	<u>9,721</u>	<u>96,607</u>	<u>25,667,271</u>
DEFERRED INFLOWS OF RESOURCES					
Grant monies received in advance	-	77,615	-	-	77,615
Total deferred inflows of resources	<u>-</u>	<u>77,615</u>	<u>-</u>	<u>-</u>	<u>77,615</u>
Total liabilities and deferred inflows of resources	<u>20,065,055</u>	<u>5,573,503</u>	<u>9,721</u>	<u>96,607</u>	<u>25,744,886</u>
FUND BALANCE					
Fund balance:					
Nonspendable	1,303,305	-	77,920	-	1,381,225
Restricted	18,161,664	-	-	851,448	19,013,112
Assigned	6,307,473	-	1,767,878	-	8,075,351
Unassigned	11,817,331	-	-	-	11,817,331
Total fund balance	<u>37,589,773</u>	<u>-</u>	<u>1,845,798</u>	<u>851,448</u>	<u>40,287,019</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 57,654,828</u>	<u>\$ 5,573,503</u>	<u>\$ 1,855,519</u>	<u>\$ 948,055</u>	<u>\$ 66,031,905</u>

The accompanying notes to financial statements are an
integral part of this statement.

UNIONDALE UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balance - Governmental Funds	\$ 40,287,019
---	---------------

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:		
Non-depreciable	\$ 773,070	
Depreciable	70,938,644	
Accumulated depreciation	<u>(37,938,400)</u>	33,773,314

Proportionate share of long-term asset and liability, and deferred outflows and inflows of resources associated with participation in the State retirement systems are not current financial resources or obligation and are not reported in the funds:

Deferred outflows of resources - pension related	58,225,693	
Proportionate share of net pension asset	4,042,498	
Proportionate share of net pension liability	(1,374,217)	
Deferred inflows of resources - pension related	<u>(16,497,213)</u>	44,396,761

Amounts reported as deferred inflows of resources associated with the total OPEB liability are not current financial resources or obligations and are not reported in the funds.	(4,634,411)
--	-------------

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:

Installment purchase debt payable	(4,451,811)	
Workers' Compensation Claims payable	(4,487,470)	
OPEB liability	<u>(96,862,235)</u>	<u>(105,801,516)</u>

Net Position - Governmental Activities	<u>\$ 8,021,167</u>
--	---------------------

UNIONDALE UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General	Special Aid	School Lunch	Capital Projects	Total Governmental Funds
REVENUES					
Real property taxes	\$ 115,943,198	\$ -	\$ -	\$ -	\$ 115,943,198
Other tax items	16,854,429	-	-	-	16,854,429
Charges for services	2,979,015	-	-	-	2,979,015
Use of money and property	313,835	-	-	-	313,835
Sale of property and compensation for loss	185,161	-	-	-	185,161
State sources	52,129,817	1,825,579	69,925	-	54,025,321
Federal sources	91,707	6,565,996	2,881,555	-	9,539,258
Local sources	-	3,050	-	-	3,050
Sales	-	-	218,019	-	218,019
Miscellaneous	1,235,513	-	76,445	-	1,311,958
Total revenues	189,732,675	8,394,625	3,245,944	-	201,373,244
EXPENDITURES					
Current -					
General support	15,304,043	-	441,142	-	15,745,185
Instruction	121,334,193	8,594,625	-	-	129,928,818
Pupil transportation	9,007,155	-	-	-	9,007,155
Community services	395,806	-	-	-	395,806
Employee benefits	36,722,249	-	-	-	36,722,249
Debt service -					
Principal	1,029,766	-	-	-	1,029,766
Interest	123,109	-	-	-	123,109
Cost of sales	-	-	2,542,435	-	2,542,435
Capital outlay	-	-	-	1,018,163	1,018,163
Total expenditures	183,916,321	8,594,625	2,983,577	1,018,163	196,512,686
Excess (deficiency) of revenues over (under) expenditures	5,816,354	(200,000)	262,367	(1,018,163)	4,860,558
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	200,000	-	-	200,000
Operating transfers out	(200,000)	-	-	-	(200,000)
Total other financing sources (uses)	(200,000)	200,000	-	-	-
Change in fund balance	5,616,354	-	262,367	(1,018,163)	4,860,558
Fund balance, beginning of year	31,973,419	-	1,583,431	1,869,611	35,426,461
Fund balance, end of year	\$ 37,589,773	\$ -	\$ 1,845,798	\$ 851,448	\$ 40,287,019

The accompanying notes to financial statements are an
integral part of this statement.

UNIONDALE UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net Change in Fund Balance - Governmental Funds \$ 4,860,558

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:

Capital outlay	\$ 162,274	
Depreciation expense	<u>(1,858,418)</u>	(1,696,144)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Repayment of installment purchase debt	369,765	
Repayment of bond principal	<u>660,000</u>	1,029,765

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

OPEB liability	493,625	
Workers' Compensation claims payable	<u>(264,770)</u>	228,855

Changes in the amount of total OPEB liability deferred inflows of resources reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues in the governmental funds. (4,634,411)

(Increases) decreases in the proportionate share of the net pension liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Proportionate share of net pension asset	9,696,755	
Deferred outflows of resources from pensions	(566,965)	
Proportionate share of net pension liability	2,577,922	
Deferred inflows of resources from pensions	<u>(13,091,605)</u>	<u>(1,383,893)</u>

Net Change in Net Position - Governmental Activities \$ (1,595,270)

UNIONDALE UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Scholarship Trusts	Agency Funds
	<hr/>	<hr/>
ASSETS		
Cash:		
Unrestricted	\$ -	\$ 167,065
Restricted	152,029	174,972
Due from governmental funds	<hr/> -	<hr/> 47,701
Total assets	<hr/> \$ 152,029 <hr/>	<hr/> \$ 389,738 <hr/>
LIABILITIES		
Extraclassroom activity balances	\$ -	\$ 174,972
Other liabilities	<hr/> -	<hr/> 214,766
Total liabilities	<hr/> -	<hr/> \$ 389,738 <hr/>
NET POSITION		
Restricted for:		
Endowment scholarships	<hr/> 152,029	
Total net position	<hr/> \$ 152,029 <hr/>	

The accompanying notes to financial statements are an
integral part of this statement.

UNIONDALE UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Scholarship Trusts
ADDITIONS	
Investment earnings:	
Interest and appreciation	\$ 2,395
Total additions	<u>2,395</u>
DEDUCTIONS	
Scholarships and awards	<u>3,900</u>
Total deductions	<u>3,900</u>
Change in net position	(1,505)
Net position, beginning of year	<u>153,534</u>
Net position, end of year	<u><u>\$ 152,029</u></u>

The accompanying notes to financial statements are an
integral part of this statement.

UNIONDALE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Uniondale Union Free School District (the "District") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board ("GASB"), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

A. Reporting entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of five members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on such criteria, the District has determined there are no component units to be included within their reporting entity.

B. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found elsewhere in this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

C. Joint venture

The District is a component district in the Nassau County Board of Cooperative Educational Services ("BOCES"). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$7,784,363 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$3,380,724.

Financial statements for the BOCES are available from the BOCES administrative office.

D. Basis of presentation

1. District-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid (sources), intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate financial statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds include the following:

Special Aid Fund: Used to account for proceeds from State and federal grants that are restricted for specific educational programs.

School Lunch Fund: Use to account for child nutrition activities whose funds are restricted as to use.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of District facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

Fiduciary Funds: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefit annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or Extraclassroom Activity Funds and for payroll or employee withholding.

E. Measurement focus and basis of accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, State aid, grants and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

F. Property taxes

Real property taxes are levied annually by the Board of Education no later than October 1, and become a lien on December 1. Taxes are collected during the period from December 1 to June 30.

Uncollected real property taxes have been enforced by the County in which the District is located. Nassau County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1st.

G. Restricted resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

H. Interfund transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

Advances to/from other funds represent loans to other funds which are not expected to be repaid within the subsequent year. The advances are offset by nonspendable fund balance in the fund financial statements, which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds Balance Sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, useful lives of long-lived assets, the proportionate share of net pension assets and liabilities, and the total OPEB liability.

J. Cash and cash equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization (if permitted by the District's policy).

K. Accounts receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

L. Inventories and prepaid items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventorial items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

M. Other assets/restricted assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the District-wide financial statements as their use is limited by applicable bond covenants.

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond issuance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

N. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1975. For assets acquired prior to June 30, 1975, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction-in-progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and building improvements	\$ 1,000	Straight-line	50 years
Furniture and equipment	\$ 1,000	Straight-line	5-20 years

O. Deferred outflows of resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (NYSTRS and NYSERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

P. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability (NYSTRS and NYSERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Q. Unearned revenues

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position and Balance Sheet, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

R. Vested employee benefits - compensated absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Pronouncements, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

S. Other benefits

Eligible District employees participate in the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure (see Note 11 for more information).

T. Short-term debt

The District may issue Revenue Anticipation Notes ("RAN") and Tax Anticipation Notes ("TAN"), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes ("BAN"), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes to be converted to long-term financing within five years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

As of June 30, 2018, the District does not have any outstanding RAN's, TAN's, BAN's or deficiency notes.

U. Accrued liabilities and long-term obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and other post-employment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

V. Equity classifications

District-wide financial statements

In the District-wide financial statements there are three classes of net position:

1. Net investment in capital assets - Consists of capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
2. Restricted net position - Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position - Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund financial statements

In the fund financial statements there are five classifications of fund balance:

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory and monies required to be maintained intact in the School Lunch Fund of \$77,920 and prepaid expenditures in the General Fund of \$1,303,305.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Insurance

According to General Municipal Law §6-p, such amounts must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the school district elects to convert to the tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

3. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2017.
4. Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes that are neither restricted or committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.
5. Unassigned - Includes all other General Fund net position that does not meet the definition of the above four classifications and is deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts have been restricted or assigned.

Fund balances for all governmental funds as of June 30, 2018 were distributed as follows:

	General	School Lunch	Capital Projects	Total Governmental Funds
Nonspendable:				
Prepaid expenditures	\$ 1,303,305	\$ -	\$ -	\$ 1,303,305
Inventories	-	77,920	-	77,920
Total nonspendable	1,303,305	77,920	-	1,381,225
Restricted:				
Insurance	3,956,648	-	-	3,956,648
Retirement Contributions	8,600,958	-	-	8,600,958
Unemployment Insurance	510,116	-	-	510,116
Workers' Compensation	5,093,942	-	-	5,093,942
Capital Projects Fund	-	-	851,448	851,448
Total restricted	18,161,664	-	851,448	19,013,112
Assigned:				
Designated for subsequent year's expenditures	5,994,330	-	-	5,994,330
Encumbrances	313,143	-	-	313,143
School Lunch Fund	-	1,767,878	-	1,767,878
Total assigned	6,307,473	1,767,878	-	8,075,351
Unassigned	11,817,331	-	-	11,817,331
Total	\$ 37,589,773	\$ 1,845,798	\$ 851,448	\$ 40,287,019

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of fund balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as either restricted or assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the fund financial statements and the District-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide financial statements, compared with the current financial resources focus of the governmental funds.

A. Total fund balances of governmental funds vs. net position of governmental activities

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The categories are shown below:

1. Long-term revenue/expense differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund financial statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund financial statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund financial statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/(liability) and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. OPEB differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

3. **NEW ACCOUNTING STANDARDS**

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation of this statement had no impact on the governmental fund statements. The statement requires districts to report Other Postemployment Benefits ("OPEB") liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. The implementation resulted in a restatement of the District's beginning net position balance as required by the Statement. See Note 15 for financial statement impact of the implementation of this statement.

4. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments are approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for the individual Capital Project Fund's expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to pursue in order to address this issue include the funding and establishment of various reserves.

The portion of the District's School Lunch Fund fund balance subject to federal regulations 7CFR Part 210.14(b) limit exceeded the amount allowable, which is three months average expenditure level. Actions the District plans to pursue to address this issue include purchasing several new pieces of kitchen equipment and making substantial improvements to the school kitchen serving lines in the upcoming year.

5. **CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS**

The District's aggregate bank balances, including balances not covered by depository insurance at year-end, are collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 49,919,533
---	---------------

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$19,229,891 within the governmental funds and \$296,281 in the fiduciary funds.

Investment and deposit policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Official of the District.

Interest rate risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

6. RECEIVABLES

A. State and federal aid

State and federal aid receivables at June 30, 2018, consisted of the following:

General Fund:	
BOCES aid	\$ 1,707,690
New York State Aid - excess cost aid	1,877,061
New York State Aid - Bullet Aid	15,000
Special Aid Fund:	
State and federal grants	4,780,690
School Lunch Fund:	
School breakfast and lunch reimbursement	160,298
	<u>\$ 8,540,739</u>

B. Due from other governments

Due from other governments at June 30, 2018, consisted of the following:

General Fund:	
Pilot payments	\$ 2,455,128
Nassau County	2,327,364
Special Aid Fund:	
Private schools	53,903
	<u>\$ 4,836,395</u>

C. Other receivables

Other receivables at June 30, 2018, consisted of the following:

General Fund:	
Health services receivable	\$ 469,655
Various other receivables	2,955
	<u>\$ 472,610</u>

7. **CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 773,070	\$ -	\$ -	\$ 773,070
Total nondepreciable assets	<u>773,070</u>	<u>-</u>	<u>-</u>	<u>773,070</u>
Capital assets that are depreciated:				
Buildings and building improvements	66,564,550	-	-	66,564,550
Furniture and equipment	4,211,820	162,274	-	4,374,094
Total depreciable assets	<u>70,776,370</u>	<u>162,274</u>	<u>-</u>	<u>70,938,644</u>
Less accumulated depreciation:				
Buildings and building improvements	33,062,144	1,598,018	-	34,660,162
Furniture and equipment	3,017,838	260,400	-	3,278,238
Total accumulated depreciation	<u>36,079,982</u>	<u>1,858,418</u>	<u>-</u>	<u>37,938,400</u>
Total depreciated assets, net	<u>\$ 35,469,458</u>	<u>\$ (1,696,144)</u>	<u>\$ -</u>	<u>\$ 33,773,314</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 119,987
Instruction	1,729,361
Pupil transportation	3,308
Community services	5,762
	<u>\$ 1,858,418</u>

8. LONG-TERM DEBT OBLIGATIONS

Long-term liability balances and activity for the year are summarized below:

	(As Restated) Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 660,000	\$ -	\$ 660,000	\$ -	\$ -
Installment purchase debt payable	4,821,576	-	369,765	4,451,811	378,506
Workers' Compensation claims payable	4,222,700	410,183	145,413	4,487,470	4,487,470
Other postemployment benefits	104,020,554	7,139,160	7,602,642	103,557,072	-
Compensated absences	1,005,342	-	77,570	927,772	-
Total long-term liabilities	<u>\$ 114,730,172</u>	<u>\$ 7,549,343</u>	<u>\$ 8,855,390</u>	<u>\$ 113,424,125</u>	<u>\$ 4,865,976</u>

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately. The General Fund is typically used to liquidate these liabilities.

The following is a summary of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2018
Energy Performance Contract	03/22/13	09/22/28	2.35%	<u>\$ 4,451,811</u>

The following is a summary of maturing debt service requirements:

Year Ended June 30,	Energy Performance Contract		
	Principal	Interest	Total
2019	\$ 378,506	\$ 102,407	\$ 480,913
2020	387,453	93,460	480,913
2021	396,612	84,301	480,913
2022	405,987	74,926	480,913
2023	415,584	65,329	480,913
2024-2028	2,230,000	174,564	2,404,564
2029	237,669	2,793	240,462
	<u>\$ 4,451,811</u>	<u>\$ 597,780</u>	<u>\$ 5,049,591</u>

Interest on long-term debt for the year was comprised of:

Interest paid	\$ 141,017
Less interest accrued in the prior year	(40,230)
Plus interest accrued in the current year	<u>22,322</u>
Interest expense	<u>\$ 123,109</u>

9. **PENSION PLANS**

General information

The District participates in the New York State Teachers' Retirement System ("NYSTRS") and the New York State and Local Employees' Retirement System ("NYSERS"). These are cost-sharing, multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Provisions and administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law ("NYSRSSL"). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in NYSTRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

NYSERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL governs obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

Funding policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under NYSERS tier VI vary based on a sliding salary scale. For NYSTRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the NYSERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the NYSTRS and NYSERS for the current year and each of the two preceding years.

The District's share of the required contributions, based on covered payroll for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

<u>Year</u>	<u>NYSERS</u>	<u>NYSTRS</u>
2018	\$ 2,264,011	\$ 9,877,477
2017	2,295,470	9,982,121
2016	2,176,945	10,928,222

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2018, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of June 30, 2017 for NYSTRS and March 31, 2018 for NYSERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSTRS and NYSERS Systems in reports provided to the District:

At June 30, 2018, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems.

	<u>NYSERS</u>	<u>NYSTRS</u>
Actuarial Valuation Date	April 1, 2017	June 30, 2016
Net pension asset (liability)	\$ (1,374,217)	\$ 4,042,498
District's portion of the Plan's total net pension asset (liability)	0.0425791%	0.531838%

For the year ended June 30, 2018, the District recognized pension expense of \$2,207,362 for NYSERS and pension expense of \$7,834,389 for NYSTRS. At June 30, 2018, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources - NYSERS</u>	<u>Deferred Outflows of Resources - NYSTRS</u>	<u>Deferred Inflows of Resources - NYSERS</u>	<u>Deferred Inflows of Resources - NYSTRS</u>
Differences between expected experience and actual experience	\$ 490,139	\$ 3,325,982	\$ 405,032	\$ 1,576,123
Changes of assumptions	911,219	41,133,199	-	-
Net difference between projected and actual earnings on pension plan investments	1,995,941	-	3,939,788	9,521,251
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,115,799	-	46,026	1,008,993
Employer contributions subsequent to the measurement date	608,855	8,644,559	-	-
	<u>\$ 5,121,953</u>	<u>\$ 53,103,740</u>	<u>\$ 4,390,846</u>	<u>\$ 12,106,367</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the year ended:</u>	<u>NYSERS</u>	<u>NYSTRS</u>
2019	\$ 713,888	\$ 783,322
2020	534,991	10,730,425
2021	(786,372)	7,635,592
2022	(340,255)	1,781,147
2023	-	7,612,934
Thereafter	-	3,809,394

Actuarial assumptions

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/(liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.00%	7.25%
Salary scale	3.80%	*Rates of increase differ based on service
Decrement tables	April 1, 2010 to March 31, 2015 System's Experience	July 1, 2009 to June 30, 2014 System's Experience
Inflation rate	2.50%	2.50%

*The salary scale used for NYSTRS changes based upon levels of services as defined below:

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

For NYSTRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. For NYSERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

For NYSTRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. For NYSERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	NYSERS		NYSTRS	
	Target Allocation	Long-term rate	Target Allocation	Long-term rate
Measurement date	March 31, 2018		June 30, 2017	
Asset type				
Absolute Return Strategies	2.00%	3.75%	-	-
Bonds and Mortgages	17.00%	1.31%	8.00%	2.80%
Cash	1.00%	(0.25%)	-	-
Domestic Equity	36.00%	4.55%	35.00%	5.90%
Domestic Fixed Income	-	-	16.00%	1.60%
Global Fixed Income	-	-	2.00%	1.30%
High-yield fixed income	-	-	1.00%	3.90%
Inflation-Indexed Bonds	4.00%	1.25%	-	-
International Equity	14.00%	6.35%	18.00%	7.40%
Opportunistic Portfolio	3.00%	5.68%	-	-
Private Equity	10.00%	7.50%	8.00%	9.00%
Real Assets	3.00%	5.29%	-	-
Real Estate	10.00%	5.55%	11.00%	4.30%
Short-term	-	-	1.00%	0.60%
	<u>100%</u>		<u>100%</u>	

Discount rate

The discount rate used to calculate the total pension asset/(liability) was 7.0% for NYSERS and 7.25% for NYSTRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

Sensitivity of the proportionate share of the net pension asset/(liability) to the discount rate assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.0% for NYSERS and 7.25% for NYSTRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for NYSERS and 6.25% for NYSTRS) or 1 percentage point higher (8.0% for NYSERS and 8.25% for NYSTRS) than the current rate:

	1% Decrease (6.0%)	Current assumption (7.0%)	1% Increase (8.0%)
NYSERS			
Employer's proportionate share of the net pension asset (liability)	\$ (10,397,697)	\$ (1,374,217)	\$ 6,259,286

<u>NYSTRS</u>	<u>1% Decrease (6.25%)</u>	<u>Current assumption (7.25%)</u>	<u>1% Increase (8.25%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (69,640,259)	\$ 4,042,498	\$ 65,748,148

Pension plan fiduciary net position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)		
	<u>NYSERS</u>	<u>NYSTRS</u>	<u>Total</u>
Valuation date	April 1, 2017	June 30, 2016	
Employers' total pension liability	\$ (183,400,590)	\$ (114,708,261)	\$ (298,108,851)
Plan net position	<u>180,173,145</u>	<u>115,468,360</u>	<u>295,641,505</u>
Employers' net pension asset (liability)	<u>\$ (3,227,445)</u>	<u>\$ 760,099</u>	<u>\$ (2,467,346)</u>
Ratio of plan net position to the employers' total pension liability	<u>98.24%</u>	<u>100.66%</u>	<u>99.17%</u>

Payables to the pension plan

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the system in September, October and November 2017 through a State aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued employer retirement contributions as of June 30, 2018 amounted to \$9,290,618.

For NYSERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid NYSERS covered wages multiplied by the employer's contribution rate, by tier. Accrued employer retirement contributions as of June 30, 2018 amounted to \$608,855. Employee contributions are remitted monthly.

10. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 5,069,837	\$ 1,384,808	\$ -	\$ 200,000
Special Aid Fund	-	5,404,910	200,000	-
School Lunch Fund	1,150,040	-	-	-
Capital Projects Fund	618,738	96,598	-	-
Fiduciary Funds	<u>47,701</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 6,886,316</u>	<u>\$ 6,886,316</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

11. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

A. General information about the OPEB plan

Plan description

The District's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees covered by benefit terms

As of July 1, 2017, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	435
Active plan members	<u>771</u>
Total plan members	<u><u>1,206</u></u>

B. Total OPEB liability

The District's total OPEB liability of \$103,557,072 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases	3.20% average, including inflation
Discount rate	3.87%
Healthcare cost trend rates	5.5% for 2018, decreasing per year to an ultimate rate of 3.84% in 2023
Retirees' share of benefit-related costs	0% to 8% of projected health insurance premiums for retirees

The discount rate was based on the July 1, 2018 S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2017.

C. Changes in the total OPEB liability

Balance as of June 30, 2017	\$ 104,020,554
<u>Changes for the year -</u>	
Service cost	3,415,224
Interest	3,723,936
Change in assumptions or other inputs	(5,265,003)
Benefit payments	<u>(2,337,639)</u>
Net changes	<u>(463,482)</u>
Balance as of June 30, 2018	<u>\$ 103,557,072</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.00%) or one percentage point higher (4.00%) than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Current assumption (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB liability as of June 30, 2018	\$ 120,020,993	\$ 103,557,072	\$ 84,581,866

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current discount rate:

	<u>1% Decrease (6.50% decreasing to 3.50%)</u>	<u>Current assumption (7.50% decreasing to 4.50%)</u>	<u>1% Increase (8.50% decreasing to 5.50%)</u>
Total OPEB liability as of June 30, 2018	\$ 83,405,975	\$ 103,557,072	\$ 121,993,773

D. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$7,139,160. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from differences between expected and actual experience of \$4,634,411.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Difference between expected experience and actual experience	\$ -	\$ 4,634,411

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the year ended:

2019	\$ (630,592)
2020	(630,592)
2021	(630,592)
2022	(630,592)
2023	(630,592)
Thereafter	(1,481,451)

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

The District participates in New York Schools Insurance Reciprocal ("NYSIR"), a non-risk-retained public entity risk pool for its District property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain defined limits, and the District has essentially transferred all related risk to the pool.

The District has established a self-insured plan for risks associated with Workers' Compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. General Fund liabilities only include amounts for reported claims and do not include claims which were incurred on or before year end but not reported ("IBNR").

Claims activity is summarized below:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
For the fiscal years ended June 30:				
2018	\$ 4,222,700	\$ 410,183	\$ 145,413	\$ 4,487,470
2017	4,038,035	264,768	80,103	4,222,700
2016	3,783,320	489,644	234,929	4,038,035

13. **CONTINGENCIES AND COMMITMENTS**

Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. During the fiscal year ended June 30, 2018, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance	
General Fund -	
General Support	\$ 226,643
Instruction	86,500
	<hr/>
	\$ 313,143
	<hr/>

Government grants

The District has received grants, which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, would be immaterial.

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2020, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent, plus the inflation factor (but not less than 0 percent), whichever is less, with some exceptions. The New York State Comptroller set the allowable levy growth factor for local governments for fiscal years beginning July 1, 2017 at 1.26% (before exemptions). School districts can exceed the tax levy limit by a 60% vote of the governing body, subject to voter approval.

Service concession arrangements

In accordance with GASB pronouncements, the District is required to recognize a liability for certain obligations to sacrifice financial resources (i.e. capital improvements) under the terms of a service concession arrangement or, a deferred inflow of resources for up-front or installment payments received from the operator in advance of the revenue being earned. The District did not have any service concession arrangements for the fiscal year ended June 30, 2018, and accordingly, no liability or deferred inflow of resources was reflected on the District's financial statements.

Litigation

The District is involved in lawsuits arising from the normal conduct of business. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time. It is the opinion of the District's attorneys that this will not exceed insurance coverage.

14. **TAX ABATEMENTS**

Nassau County enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The District's property tax revenues were reduced by \$5,222,458 under agreements entered into by the Hempstead IDA, \$1,607,255 by the Nassau IDA, and \$3,568,654, of which were collected via PILOT payments.

15. PRIOR PERIOD ADJUSTMENT

The District-wide financial statements for the year ended June 30, 2018 have been restated as of July 1, 2017 to give effect to the following:

Balance as of July 1, 2017, as previously stated	\$ 66,498,378
GASB Statement No. 75 implementation: Difference in Total OPEB Liability (calculated under GASB 75) and Net OPEB Liability (calculated under GASB 45)	<u>(56,881,941)</u>
Balance as of July 1, 2017, as restated	<u>\$ 9,616,437</u>

16. FUTURE CHANGES IN ACCOUNTING STANDARDS

The District will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
Statement No. 83	Certain Asset Retirement Obligations	June 30, 2019
Statement No. 87	Leases	June 30, 2020
Statement No. 88	Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements	June 30, 2019
Statement No. 89	Accounting For Interest Cost Incurred Before The End Of A Construction Period	June 30, 2020

17. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 10, 2018, which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

**UNIONDALE UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Adopted Budget	Final Budget	Actual	Year-end Encumbrances	Variance
REVENUES					
Local sources:					
Real property taxes	\$ 121,096,336	\$ 121,096,336	\$ 115,943,198		\$ (5,153,138)
Other tax items	10,410,367	10,410,367	16,854,429		6,444,062
Charges for services	1,911,500	1,911,500	2,979,015		1,067,515
Use of money and property	170,000	170,000	313,835		143,835
Sale of property and compensation for loss	100,000	100,000	185,161		85,161
Miscellaneous	390,000	390,000	1,235,513		845,513
Total local sources	134,078,203	134,078,203	137,511,151		3,432,948
State sources	46,660,188	46,660,188	52,129,817		5,469,629
Federal sources	80,000	80,000	91,707		11,707
Total revenues	180,818,391	180,818,391	189,732,675		8,914,284
OTHER FINANCING SOURCES					
Prior year encumbrances	111,249	111,249	-		N/A
Appropriated reserves and fund balance	6,394,330	6,394,330	-		N/A
Total revenues and other financing sources	187,323,970	187,323,970	189,732,675		12,347,232
EXPENDITURES					
General support:					
Board of Education	165,138	165,138	224,843	\$ -	(59,705)
Central administration	375,800	375,800	375,071	-	729
Finance	1,540,046	1,540,046	1,736,814	-	(196,768)
Staff	829,565	829,565	819,676	-	9,889
Central services	9,073,553	9,123,477	9,262,122	226,643	(365,288)
Risk insurance	1,150,000	1,150,000	1,028,306	-	121,694
Special items	1,912,422	1,912,421	1,857,211	-	55,210
Total general support	15,046,524	15,096,447	15,304,043	226,643	(434,239)
Instruction:					
Instruction, administration and improvement	9,070,297	9,092,241	9,116,650	44,920	(69,329)
Teaching - regular school	75,830,652	75,777,406	75,527,343	26,261	223,802
Programs for children with handicapping conditions	22,279,365	22,278,686	22,389,168	-	(110,482)
Teaching - special school	1,234,356	1,234,356	1,057,264	-	177,092
Instructional media	3,742,806	3,685,829	3,631,117	15,319	39,393
Pupil services	8,873,724	8,881,912	9,612,651	-	(730,739)
Total instruction	121,031,200	120,950,430	121,334,193	86,500	(470,263)
Pupil transportation	9,444,894	9,473,121	9,007,155	-	465,966
Community services	393,378	395,998	395,806	-	192
Employee benefits	40,055,098	40,055,098	36,722,249	-	3,332,849
Debt service:					
Principal	1,029,766	1,029,766	1,029,766	-	-
Interest	123,110	123,110	123,109	-	1
Total expenditures	187,123,970	187,123,970	183,916,321	313,143	2,894,506
OTHER FINANCING USES					
Operating transfers out	200,000	200,000	200,000	-	-
Total expenditures and other financing uses	187,323,970	187,323,970	184,116,321	\$ 313,143	2,894,506
Net change in fund balance	\$ -	\$ -	5,616,354		\$ 15,241,738
Fund balance, beginning of year			31,973,419		
Fund balance, end of year			\$ 37,589,773		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**UNIONDALE UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018**

Measurement date	June 30, 2018
Total OPEB liability:	
Service cost	\$ 3,415,224
Interest	3,723,936
Changes of assumptions or other inputs	(5,265,003)
Benefit payments	<u>(2,337,639)</u>
Net change in total OPEB liability	(463,482.00)
Total OPEB liability - beginning of year	<u>104,020,554</u>
Total OPEB liability - end of year	<u><u>\$ 103,557,072</u></u>
Covered payroll	\$ 95,649,668
Total OPEB liability as a percentage of covered payroll	108.27%

Note to Required Supplementary Information

Ten years of historical information are not available upon implementation of GASB Statement No. 75. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The District has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow Districts to establish this type of trust. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

UNIONDALE UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2018	2017	(A) 2016	2015	2014	**2013	**2012	**2011	**2010	**2009
District's proportionate share of the net pension liability	0.04258%	0.04206%	0.04329%	0.04479%	0.04479%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability	\$ (1,374)	\$ (3,952)	\$ (6,948)	\$ (1,513)	\$ (2,024)	N/A	N/A	N/A	N/A	N/A
District's covered payroll	\$ 14,427	\$ 13,686	\$ 13,303	\$ 11,197	\$ 13,101	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability as a percentage of covered payroll	9.52%	28.88%	52.23%	13.51%	15.45%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.68%	97.95%	97.20%	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

(A) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

N/A = Not available

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

UNIONDALE UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET - NYSTRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	(A) 2018	(B) 2017	2016	2015	2014	**2013	**2012	**2011	**2010	**2009
District's proportionate share of the net pension asset	0.531838%	0.527921%	0.520186%	0.50401%	0.50277%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension asset/(liability)	\$ 4,042	\$ (5,654)	\$ 54,031	\$ 56,144	\$ 3,310	N/A	N/A	N/A	N/A	N/A
District's covered payroll	\$ 88,210	\$ 85,593	\$ 84,764	\$ 79,283	\$ 75,657	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension asset as a percentage of covered payroll	4.58%	-6.61%	63.74%	70.81%	4.38%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	100.66%	99.01%	110.46%	111.48%	100.70%	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

(A) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date

(B) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date

N/A = Not available

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**UNIONDALE UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>
Contractually required contribution	\$ 2,264	\$ 2,295	\$ 2,177	\$ 2,716	\$ 2,639	\$ 2,383	\$ 2,058	\$ 1,528	\$ 986	\$ 1,050
Contributions in relation to the contractually required contribution	<u>2,264</u>	<u>2,295</u>	<u>2,177</u>	<u>2,716</u>	<u>2,639</u>	<u>2,383</u>	<u>2,058</u>	<u>1,528</u>	<u>986</u>	<u>1,050</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,637	\$ 13,686	\$ 13,303	\$ 11,197	\$ 13,101	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	15.47%	16.77%	16.36%	24.26%	20.14%	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

N/A = Not available

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**UNIONDALE UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - NYSTRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>
Contractually required contribution	\$ 9,877	\$ 9,982	\$ 9,982	\$ 10,928	\$ 12,572	\$ 12,294	\$ 8,834	\$ 8,320	\$ 6,555	\$ 4,886
Contributions in relation to the contractually required contribution	<u>9,877</u>	<u>9,982</u>	<u>9,982</u>	<u>10,928</u>	<u>12,572</u>	<u>12,294</u>	<u>8,834</u>	<u>8,320</u>	<u>6,555</u>	<u>4,886</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 100,786	\$ 85,171	\$ 75,279	\$ 62,339	\$ 77,366	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	9.80%	11.72%	13.26%	17.53%	16.25%	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

N/A = Not available

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**OTHER
SUPPLEMENTARY
INFORMATION**

**UNIONDALE UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

Change from adopted budget to final budget:

Adopted budget		\$ 187,212,721
Add:		
Prior year's encumbrances		111,249
Original budget		187,323,970
Budget revisions		-
Final budget		<u>\$ 187,323,970</u>

Section 1318 of Real Property Tax Law Limit calculation:

2018-2019 voter-approved expenditure budget	<u>\$ 196,055,238</u>
Maximum allowed (4% of 2018-2019 budget)	<u>\$ 7,842,210</u>

General Fund fund balance subject to §1318 of Real Property Tax Law:

Unrestricted fund balance:		
Assigned fund balance	\$ 6,307,473	
Unassigned fund balance	<u>11,817,331</u>	\$ 18,124,804
Less:		
Appropriated fund balance	5,994,330	
Encumbrances	<u>313,143</u>	<u>6,307,473</u>
General Fund fund balance subject to §1318 of Real Property Tax Law		<u>\$ 11,817,331</u>
Actual percentage		<u>6.0%</u>

UNIONDALE UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018

Project Title	Expenditures					Methods of Financing					Fund Balance 6/30/2018
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	
California Avenue School	\$ 117,206	\$ 189,737	\$ 40,082	\$ 79,046	\$ 119,128	\$ 70,609	\$ -	\$ 80,000	\$ 21,022	\$ 101,022	\$ (18,106)
Grand Avenue School	196,609	187,673	40,577	90,557	131,134	56,539	-	105,000	40,764	145,764	14,630
Northern Parkway School	519,052	455,148	132,436	127,005	259,441	195,707	-	188,533	180,915	369,448	110,007
Smith Street School	177,632	229,380	112,222	44,957	157,179	72,201	-	40,000	64,628	104,628	(52,551)
Cornelius Court	35,180	35,180	1,086	34,328	35,414	(234)	-	35,000	-	35,000	(414)
Walnut Street	311,023	304,099	30,597	180,203	210,800	93,299	-	40,000	40,417	80,417	(130,383)
Lawrence Road Junior High School	308,234	397,520	194,588	65,055	259,643	137,877	-	40,000	124,086	164,086	(95,557)
Turtle Hook Junior High School	520,603	683,215	3,003	88,542	91,545	591,670	-	74,000	369,442	443,442	351,897
High School	726,062	794,403	498,573	208,872	707,445	86,958	-	422,336	282,842	705,178	(2,267)
Bond Project	-	-	-	96,598	96,598	(96,598)	-	-	-	-	(96,598)
District-wide	773,790	773,790	-	3,000	3,000	770,790	-	-	773,790	773,790	770,790
Totals	\$ 3,685,391	\$ 4,050,145	\$ 1,053,164	\$ 1,018,163	\$ 2,071,327	\$ 1,978,818	\$ -	\$ 1,024,869	\$ 1,897,906	\$ 2,922,775	\$ 851,448

**OTHER
SUPPLEMENTARY
INFORMATION**

**UNIONDALE UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2018**

Capital assets, net		\$ 33,773,314
Deduct:		
Short-term portion of installment purchase debt payable	378,506	
Long-term portion of installment purchase debt payable	<u>4,073,305</u>	<u>4,451,811</u>
Net investment in capital assets		<u>\$ 29,321,503</u>

UNIONDALE UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
TABLE OF CONTENTS

Independent Auditor's Report On Extraclassroom Activity Funds Financial Statements	58
Financial Statements:	
Statements Of Cash Receipts And Disbursements:	
High School	60
Middle School	61
Elementary Schools	62
Note To Financial Statements	63



**INDEPENDENT AUDITOR'S REPORT ON
EXTRACLASSROOM ACTIVITY FUNDS FINANCIAL STATEMENTS**

To the Board of Education of the
Uniondale Union Free School District
Town of Hempstead, New York:

We have audited the accompanying statements of cash receipts and disbursements of the various Extraclassroom Activity Funds of the Uniondale Union Free School District (the "District") for the year ended June 30, 2018, and the related note to financial statements, which collectively comprise the financial statements of the District's Extraclassroom Activity Funds.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of cash receipts and disbursements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

NawrockiSmith

Opinion

In our opinion, the statements of cash receipts and disbursements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Extraclassroom Activity Funds of the Uniondale Union Free School District for the year ended June 30, 2018 in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of these financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Melville, New York
October 10, 2018

Nawrocki Smith LLP

UNIONDALE UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	Cash Balances July 1, 2017	Receipts	Disbursements	Cash Balances June 30, 2018
High School:				
Art	\$ 976.08	\$ 227.00	\$ 500.00	\$ 703.08
National Art Honor Society	1,600.81	-	-	1,600.81
Cheerleading	450.48	-	-	450.48
Class of 2018	9,674.57	58,437.10	55,674.57	12,437.10
Class of 2019	685.00	1,432.10	500.00	1,617.10
Class of 2020	524.50	78.50	-	603.00
Class of 2021	-	1,521.45	595.34	926.11
Aquatic Club	5,041.53	-	-	5,041.53
Mandarin Club	50.00	-	-	50.00
S.A.D.D.	446.57	916.00	80.45	1,282.12
Teachers of Tomorrow	67.23	368.55	-	435.78
Photography Club	230.00	75.95	-	305.95
Bible Club	6,340.00	60.00	720.00	5,680.00
Robotics	391.34	-	-	391.34
Italian Club	78.00	60.45	70.35	68.10
Tech Club	-	970.00	500.00	470.00
Drama Club	560.68	-	-	560.68
DECA Club	3,201.91	2,353.00	4,166.39	1,388.52
G.O. Misc Supplies	10,104.97	6,850.00	4,727.41	12,227.56
Film Club	157.00	-	-	157.00
EMT Program	1,727.73	-	-	1,727.73
Booster - Hyoe Knight	195.00	-	-	195.00
Haitian Club	1,297.70	1,207.20	1,621.92	882.98
Fashion Club	-	1,086.75	400.00	686.75
Red Cross	87.55	-	-	87.55
International Trip Fund	32.63	13,481.53	12,944.00	570.16
Health & Wellness	15.97	-	-	15.97
G.E. Program	29.86	-	-	29.86
Caribbean Club	250.39	2,761.11	1,322.30	1,689.20
Rights of Passage Girls	699.89	-	-	699.89
Rights of Passage Boys	105.76	-	-	105.76
JROTC Fund	57.98	5,894.04	5,451.48	500.54
Key Club	695.11	1,274.76	1,566.69	403.18
Kickline	656.64	2,111.30	2,346.03	421.91
Latinos Unidos	2,220.92	4,177.99	3,886.56	2,512.35
Marching Band	3,504.89	8,865.97	1,894.77	10,476.09
Orchestra	-	1,000.00	-	1,000.00
Jazz Band	382.04	-	-	382.04
9th Grade Band	94.91	-	-	94.91
Show Choir	5,013.58	122,975.77	123,196.43	4,792.92
National Honor Society	1,264.98	1,459.08	2,619.26	104.80
Spanish Honor Society	97.83	348.00	390.75	55.08
Science Honor Society	970.36	318.00	763.48	524.88
Science Research	119.98	-	-	119.98
Math Honor Society	1,142.00	136.00	300.00	978.00
Social Studies Honor Society	532.27	835.00	821.77	545.50
Boy's Basketball	6,049.25	8,677.50	12,931.14	1,795.61
Wrestling	57.29	3,670.00	2,889.00	838.29
Football	1,031.95	20,428.50	21,006.87	453.58
Volleyball (Girls)	1,545.14	-	-	1,545.14
Volleyball (Boys)	2,532.03	-	-	2,532.03
Girls Track	71.00	-	-	71.00
Track Invitational	3,644.83	-	-	3,644.83
Soccer/Softball	368.11	-	-	368.11
Boxing	57.30	-	-	57.30
Step Team	3,241.17	-	-	3,241.17
Student Council	339.77	1,103.00	1,400.00	42.77
Scholarship	8,025.50	2,750.00	2,525.00	8,250.50
Yearbook	10,915.00	9,345.00	11,502.54	8,757.46
	<u>\$ 99,654.98</u>	<u>\$ 287,256.60</u>	<u>\$ 279,314.50</u>	<u>\$ 107,597.08</u>

The accompanying note is an integral
part of this financial statement.

UNIONDALE UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
(continued)
FOR THE YEAR ENDED JUNE 30, 2018

	Cash Balances July 1, 2017	Receipts	Disbursements	Cash Balances June 30, 2018
Lawrence Road Middle School:				
8th Grade	\$ 16.62	\$ 49,801.00	\$ 48,676.99	\$ 1,140.63
7th Grade	1,758.36	15,654.52	14,362.98	3,049.90
6th Grade	3,790.52	13,035.00	13,456.78	3,368.74
Drama	-	1,087.25	1,087.25	-
English as a New Language	-	2,926.00	2,892.56	33.44
TBA Makers Club	5,000.00	-	4,985.82	14.18
Girls Rights of Passage	-	135.00	135.00	-
Lacrosse Club	702.47	-	-	702.47
Library	3,028.70	2,242.00	4,850.01	420.69
National Jr. Honor Society	-	3,485.37	2,575.72	909.65
School Store	2,301.69	1,242.00	1,352.39	2,191.30
Student Activities	1,232.09	10,117.62	7,769.29	3,580.42
Student Council	5,561.59	4,815.00	4,744.60	5,631.99
	<u>\$ 23,392.04</u>	<u>\$ 104,540.76</u>	<u>\$ 106,889.39</u>	<u>\$ 21,043.41</u>
 Turtle Hook Middle School:				
8th Grade	\$ -	\$ 40,996.15	\$ 39,511.59	\$ 1,484.56
7th Grade	-	14,109.49	10,045.67	4,063.82
6th Grade	1,540.00	-	1,540.00	-
Boys Rights of Passage	257.85	-	-	257.85
Cheerleading	41.25	1,600.00	1,609.90	31.35
Ladies of Distinction	0.60	480.62	478.62	2.60
Drama	-	342.43	-	342.43
Music Club	-	1,322.64	1,211.22	111.42
Newspaper	69.79	553.10	622.88	0.01
National JR. Honor Society	16.71	577.26	-	593.97
School Store	724.67	6,678.00	6,381.04	1,021.63
Student Council	3,169.20	5,270.00	4,921.65	3,517.55
Trip Club	3,934.43	-	-	3,934.43
Yearbook	489.59	4,644.53	4,884.10	250.02
	<u>\$ 10,244.09</u>	<u>\$ 76,574.22</u>	<u>\$ 71,206.67</u>	<u>\$ 15,611.64</u>

The accompanying note is an integral
part of this financial statement.

UNIONDALE UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
(continued)
FOR THE YEAR ENDED JUNE 30, 2018

	Cash Balances July 1, 2017	Receipts	Disbursements	Cash Balances June 30, 2018
Elementary Schools:				
Grand Avenue - Student Activity	\$ 3,511.35	\$ 7,315.27	\$ 4,457.29	\$ 6,369.33
Walnut Street - Student Activity	4,088.85	28,633.92	31,437.75	1,285.02
Northern Parkway - Student Activity	5,510.98	45,303.74	41,310.99	9,503.73
California Avenue - Student Activity	10,682.42	38,101.17	35,524.48	13,259.11
Smith Street - Student Activity	2,714.01	1,875.08	4,286.35	302.74
	<u>\$ 26,507.61</u>	<u>\$ 121,229.18</u>	<u>\$ 117,016.86</u>	<u>\$ 30,719.93</u>

The accompanying note is an integral
part of this financial statement.

UNIONDALE UNION FREE SCHOOL DISTRICT
EXTRAClassroom Activity Funds
NOTE TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Uniondale Union Free School District (the "District").

The accounts of the Extraclassroom Activity Funds of the District are maintained on a cash basis, and the statements of cash receipts and disbursements reflect only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States of America, and which may be material in amount, are not recognized in the accompanying financial statements.

UNIONDALE UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Education</u>			
<u>Passed - Through Programs From:</u>			
New York State Department of Education			
ESEA, Title II, Part A, Training	84.367A	0147-17-1455	\$ 25,108
ESEA, Title II, Part A, Training	84.367A	0147-18-1455	208,336
ESEA, Title III, Immigration	84.365A	0149-17-1455	2,487
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-17-1455	30,000
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-18-1455	120,808
ESEA, Title III, SIFE Supplemental	84.365A	0153-17-1455	6,178
Preschool Development Grant	84.419	8120-18-1003	2,313,740
Pathways in Technology	84.048A	8039-17-0015	18,332
Pathways in Technology	84.048A	8039-18-0015	368,761
Twenty First Century Community Learning Centers	84.287C	0187-17-6121	33,618
			<u>3,127,368</u>
Title I, Part A Cluster:			
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-17-1455	499,912
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-18-1455	962,981
			<u>1,462,893</u>
Special Education Cluster:			
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-18-0403	1,951,293
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-18-0403	24,442
			<u>1,975,735</u>
Total U.S. Department of Education			<u>6,565,996</u>
<u>U.S. Department of Agriculture</u>			
<u>Passed - Through Programs From:</u>			
New York State Office of General Services			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	357,071
National School Lunch Program	10.555	N/A	2,524,484
Total U.S. Department of Agriculture			<u>2,881,555</u>
Total Expenditures of Federal Awards			<u>\$ 9,447,551</u>

The accompanying notes should be read
in conjunction with this schedule.

UNIONDALE UNION FREE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Uniondale Union Free School District (the "District") under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in fund balance of the District.

2. BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

Non-monetary assistance is reported in the Schedule at the fair market value of commodities received, which is provided by New York State.

3. INDIRECT COSTS

The Uniondale Union Free School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of the
Uniondale Union Free School District
Town of Hempstead, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Uniondale Union Free School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. Reference is made to the Schedule of Findings and Recommendations accompanying this report for additional observations on internal control.

NawrockiSmith

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as items 18-01 and 18-02.

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Melville, New York
October 10, 2018

Nawrocki Smith LLP



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education of the
Uniondale Union Free School District
Town of Hempstead, New York:

Report on Compliance for the Major Federal Program

We have audited the Uniondale Union Free School District's (the "District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2018. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

NawrockiSmith

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, however, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Melville, New York
October 10, 2018

Handwritten signature of Nawrocki Smith LLP in cursive script.

UNIONDALE UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

A. Summary Of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. Two instances of noncompliance were disclosed during the audit of the financial statements.
4. No deficiencies or material weaknesses were disclosed during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program expresses an unmodified opinion.
6. No audit findings relative to the major federal award program that are required to be reported in accordance with section 2 CFR 200.516 (a) of the Uniform Guidance, were disclosed during the audit.
7. The program tested as a major program included:

CFDA Number

Name of Federal Program

10.555

U.S. Department of Agriculture
National School Lunch Program

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Auditee was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

18-01 The District's unassigned fund balance in the General Fund exceeded the limitation as promulgated by New York State statute.

Condition: The District did not comply with the limitations on unassigned fund balance.

Criteria: New York State law limits the unassigned fund balance of the General Fund to 4% of the following year's expenditure budget.

Effect: The District did not comply with the New York State accounting requirements as of June 30, 2018.

Cause: The District was not able to make a proper disposition of excess fund balance.

Recommendation: The District should implement procedures to monitor fund balance throughout the year to comply with New York State requirements.

Response: The District is in agreement with this finding and will ensure policies and procedures are in effect to comply with such accounting requirements in the future.

18-02 The submission of the Annual Financial Report on Form ST-3 to the New York State Education Department did not occur until subsequent to the filing deadline.

Condition: The District did not fulfill its annual reporting requirement to the New York State Education Department in accordance with the requisite due date.

Criteria: The New York State Education Department required that the District submit its Annual Financial Report on Form ST-3 by September 5, 2018.

Effect: The District did not fulfill its New York State Education Department report requirement as of the required submission date.

Cause: Information necessary to complete the submission was not readily available, therefore, the Annual Financial Report on ST-3 was not prepared on a timely basis.

Recommendation: The District should implement procedures to ensure sufficient time to comply with New York State Education Department reporting requirements.

Response: The District is in agreement with this finding and will ensure policies and procedures are in effect to comply with such reporting requirements in the future.

C. Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

UNIONDALE UNION FREE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Findings - Financial Statement Audit

None reported.

Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

UNIONDALE UNION FREE SCHOOL DISTRICT
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

CURRENT YEAR FINDINGS AND RECOMMENDATIONS:

1. General Fund fund balance policy/long-range plan

We noted the District's General Fund unassigned fund balance exceeded the New York State statutory 4% limit ("statutory limit") as June 30, 2018. The District's practice is to fund reserves only when deemed appropriate, which may result in the District's unassigned fund balance exceeding the statutory limit.

We recommend that the District establish policies and procedures to project year end fund balance and utilize appropriate reserves to keep unassigned fund balance within statutory limits.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

1. Recommendation - We recommended that the Assistant Superintendent for Business date his signature to document timeliness of approval of journal entries.

Status - During our current year audit, we noted this recommendation has been implemented.

1. Recommendation - We recommended that user permissions for District employees be reviewed and updated to include only permissions that are necessary for performing their job duties.

Status - During our current year audit, we noted this recommendation is in the process of being implemented.

2. Recommendation - We recommended that the District conduct an annual review of the entire vendor database, to determine if vendors who have not been paid within the last two or more years should be inactivated.

Status - During our current year audit, we noted this recommendation is in the process of being implemented.

3. Recommendation - We recommended that the District perform a review of its Extraclassroom Activity Funds for appropriateness.

Status - During our current year audit, we noted this recommendation is in the process of being implemented.

4. Recommendation - We recommended that the District implement a mechanized process for compiling its year-end detailed accounts payable listing.

Status - During our current year audit, we noted this recommendation is in the process of being implemented.

5. Recommendation - We recommended that the District develop policies and procedures to include the following:

- (1) Ensuring all vendors are appropriately screened and approved before being added to the system.
- (2) Requiring all appropriate vendor information to be captured and approved before payments may be made.
- (3) Performing periodic reviews of the vendor database to ensure consistency and appropriateness of stored data.
- (4) Periodically reviewing any changes or deletions to vendor data listed in the existing vendor master file.
- (5) Limiting the amount of time a vendor can remain in an "active" status but not be used.

Status - During our current year audit, we noted this recommendation has been implemented.